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National Energy Board

Office national de l'énergie

File: 7200-T046-1  
10 July 1998

BY FACSIMILE & MAIL  
(403) 213-3111

TransCanada Gas Services

Mr. G.W. Toews  
Manager, Regulatory Affairs  
TransCanada Gas Services  
3400, 237 - 4th Avenue S.W.  
Calgary, Alberta  
T2P 5A4

Dear Mr. Toews:

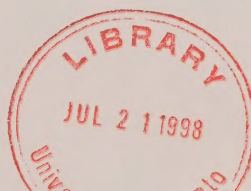
**Re: Hearing Order GHW-1-98 - TransCanada Gas Services ("TCGS")  
Application dated 13 March 1998, as amended, for a Licence to Export  
Natural Gas Pursuant to Part VI of National Energy Board Act ("the Act")**

The Board has examined the evidence provided by TCGS in support of its application for a gas export licence during the GHW-1-98 proceeding and has concluded that the Board's Market-Based Procedure ("MBP") has been satisfied. Under the MBP, the Board determines that the gas to be exported is surplus to Canadian needs if:

- (1) there are no complaints registered under the Complaints Procedure;
- (2) the EIA indicates that Canadians will have no difficulty in meeting their energy requirements at fair market prices;
- (3) in the view of the Board, there are no other major public interest concerns; and
- (4) ongoing monitoring suggests that markets are functioning normally and identifies no other issues relating to the evolution of supply or demand that cast doubt on the future ability of Canadians to meet their energy requirements.

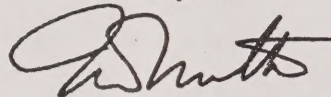
The Board notes that no complaints were received from Canadian buyers who have been active in the market and is satisfied on the basis of the evidence that Canadians would not likely experience difficulty in meeting their energy requirements at fair market prices. With respect to the Other Public Interest Considerations, which are part of the MBP, the Board is satisfied that these have been met and that there are no other major public interest concerns. Finally, the Board notes that markets appear to be functioning normally. Accordingly, the Board is, therefore, satisfied that section 118(a) of the Act has been met in that the quantity of gas proposed to be exported would not exceed the surplus remaining after due allowance has been made for the reasonably foreseeable requirements for use in Canada, having regard to the trends in the discovery of gas in Canada.

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Pursuant to section 117 of the Act, the Board has decided to issue a gas export licence to TCGS, subject to the approval of the Governor in Council. The attachment contains the terms and conditions of the licence to be issued. Upon receipt of the approval of the Governor in Council, the Board will forward the licence to TCGS.

Yours truly,

A handwritten signature in black ink, appearing to read 'M. Mantha', with a stylized flourish at the end.

Michel L. Mantha  
Secretary

Attach.

cc: Interested Parties to GHW-1-98



**Terms and Conditions of the Licence to be Issued to TransCanada Gas Services**

1. (a) Subject to condition 1(b), the term of this Licence shall commence on 1 November 1998 and shall end on 31 October 2008.  
  
(b) The term of this Licence shall end on 1 November 2000 unless exports commence hereunder on or before that date.
2. Subject to condition 3, the quantity of gas that may be exported under the authority of this Licence shall not exceed:
  - (a) 849 840 cubic metres in any one day;
  - (b) 311 000 000 cubic metres in any consecutive twelve-month period ending on 31 October; or
  - (c) 3 104 400 000 cubic metres during the term of this Licence.
3. (a) As a tolerance, the amount that may be exported in any 24-hour period under the authority of this Licence may exceed the daily limitation imposed in condition 2 by ten percent.  
  
(b) As a tolerance the amount that may be exported in any consecutive twelve-month period under the authority of this Licence may exceed the annual limitation imposed in condition 2 by two percent.
4. Gas exported under the authority of this Licence shall be delivered to the point of export near East Hereford, Québec.

